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S E C R E T SECTION 01 OF 02 KIRKUK 000119

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SUBJECT: OVERVIEW OF NORTHERN IRAQ FROM DEPARTING A/RC

KIRKUK 00000119 001.2 OF 002

CLASSIFIED BY: Jim Bigus, PRT Team Leader, Kirkuk, DOS.

REASON: 1.4 (d)

Classified by Scott Dean, Acting Regional Coordinator, Regional Embassy Office, Kirkuk, for reasons 1.4(b) and (d).

11. (S) SUMMARY. The Kurds have long made clear they want the territories Saddam stripped from Kurdish control. Kirkuk province is main prize. We believe the Kurds would let Hawijah go in exchange for the other territories they seek. The Commission for the Resolution of Real Property Disputes is turning out decisions far too slowly to achieve in the north its fundamental purpose of reducing popular anger over Arabization. We suspect the only realistic way to prevent/delay a Kurdish victory in the constitutionally mandated referendum on the future of Kirkuk is not to carry out the referendum, so the preparations for and timing of the required census and the referendum may well spark argument. The Kurds are now watching whether the rest of Iraq will be stable and democratic enough for autonomy to continue. We would not be surprised if, even after creating the new KRG Asayish, the KDP and PUK each retain their own separate party Asayish. The KDP and PUK routinely intimidate most media outlets; party affiliation is required for any professional job or government favor. Dissatisfaction occasionally erupts in violence; however, this seems nowhere near threatening the KDP and PUK hold on power. END SUMMARY.

12. (S) Kurdish Revanchism. The Kurds have long made clear they want the return of those territories Saddam stripped from Kurdish control. PM Barzani's statement to this effect at the creation of the unified KRG government May 7 was only the most recent reiteration. Kirkuk province remains the top prize for the KRG. The Kurds have carefully prepared for this since liberation and are now fairly far along in realizing that plan.

-- Both the KDP and PUK have long sponsored major Kurdish settlement programs in Kirkuk in preparation for the Constitutionally required referendum.

-- The Kurds would like to force out Arabization Arabs, or at least prevent them from voting in the referendum. Given clear U.S. opposition, Kurdish leaders publicly soft-pedal talk about forcing out Arabs. However, the Kurds probably also expect Arabs will voluntarily leave as the houses around them fill with Kurds. The Arab community is (predictably) split: some willing to head south if paid, some wanting to stay.

-- While pressing ahead with Kurdification, the Kurds have in general played their cards carefully enough to avoid a destabilizing violent backlash by minorities. The exception is Arab Hawijah in the south of Kirkuk province. We believe the Kurds would let Hawijah go in exchange for the other territories they seek.

-- The Kurds have greased the skids with the Governor of Salah ad Din Province enough so that he (in contrast to his Arab constituents) will not object to Tozkhurmato's return to Kirkuk province.

-- A Talabani heads the Kirkuk IECI office; he actively conspired to let unregistered Kurds vote.

-- The KDP and PUK almost certainly brought Kurds across provincial lines into Kirkuk province for both the October and December polling. We expect the Kurds will do this again in the referendum.

-- The Kurds won constitutional change to allow Kirkuk to join a region (the TAL's prohibition on this was specifically not carried over into the constitution).

-- As we predicted last fall, the Kurds made "normalization" (i.e., carrying out TAL Article 58/Constitutional Article 140) a major condition for their support of a new government.

-- The Kurds are making Article 140 implementation a major theme at Kirkuk Provincial Council meetings.

¶3. (C) The Commission for the Resolution of Real Property Disputes is turning out decisions far too slowly to achieve in the north its fundamental purpose of reducing popular anger over Arabization. CRRPD success would not dissuade the Kurds from continuing their own settlement program, but would remove the major example in Kurdish minds of how the Baghdad government does not keep its promises to or serve the Kurds.

¶4. (S) We believe that the Kurds have reason to be confident a near-term referendum in Kirkuk province will show a majority wants to join the KRG. (That is as opposed to a snap referendum that some non-Kurds on the Provincial Council are unsuccessfully trying to spark.) We suspect the only realistic way to prevent a Kurdish victory is not to carry out the constitutionally mandated referendum. We suspect other Iraqis know this as well, so the preparations for and timing of the required census and the referendum may well spark argument. The only way to stop the Kurds from continuing to create further facts on the ground would be for the U.S. military to stop them physically; we doubt demarches would be enough. That said, further settlement might well be unnecessary for the Kurds to win a majority. Since the constitutional deadline for the referendum is the end of 2007, we expect this issue to come to a head over the next 18 months.

KIRKUK 00000119 002.2 OF 002

¶5. (S) Going for the Big One: Independence? The Kurds want independence and are preparing for it, notably by trying to regain territory and take control of oil and other revenues. The KRG leadership, however, knows that autonomy gets the Kurds most of what they want without the combat a declaration of independence would spark. The Kurds are now test-driving autonomy: watching whether the rest of Iraq will be stable and democratic enough for autonomy to continue. That calculation may determine whether they later declare independence. They hope, of course, for a U.S. presence and support, but could decide to go it alone if they thought an Iraqi implosion gave them a real shot for a viable independent Kurdistan. The distrust between Baghdad and the KRG continues: the KRG almost certainly underpays its assessments and, by all appearances, Baghdad ministries underserve the KRG.

¶6. (S) KRG Unification: Keep a Pistol in Your Pocket. By combining their cabinets on May 7, the KDP and PUK have made a major step forward. That said, it remains common wisdom in the region that, without a U.S. military presence, KDP and PUK rivalry could again rise and destroy the new joint KRG government. The KRG has announced it will take a year to merge its two Peshmerga (regional defense forces). Even after that public proclamation, the outgoing Peshmerga ministers were telling us privately they had no plans to merge. By contrast, the KDP and PUK have agreed to create a new internal security force (Asayish) whose members would be vetted by both parties. We would not be surprised if, even after creating the new KRG Asayish, the KDP and PUK each retain their own separate party Asayish. The delicacy of revealing one's corruption to political rivals also will complicate merging the finance

ministries. Deadlines come due next spring for KRG Interior, Peshmerga, Finance and Justice ministry mergers.

17. (C) Democratization: An Educational Process. The Kurds can recite in their sleep our talking points on democratization. They also routinely announce their opposition to corruption. In truth, though, the KDP and PUK see democracy as akin to a Student Council: the students can debate and affect secondary questions, but cannot change their teachers, let alone the principal. Part of this is the two parties' concern that the main opposition parties, like the Muslim Brotherhood-inspired Kurdistan Islamic Union, would end even the appearance of democracy were they to take power. However, the KDP and PUK would not be willing to lose power, even if they saw the opposition as benign. Therefore, the KRG routinely intimidates most media outlets and harasses the rest through criminal defamation suits. Party affiliation is required for any professional job or government favor. Amid this bleak picture, though, the PRT is having a positive effect on democratization and transparency, partly by convincing politicians of the need to appeal to public opinion.

18. (C) Corruption/Stability. The older generation of KDP and PUK leaders think their years of fighting Saddam for Kurdistan have earned them the spoils of victory. This is starting to wear thin after 15 years of autonomy. Most people are disillusioned with the parties and thus with elections, which offer no immediate hope of changing the current leaders. This dissatisfaction occasionally erupts in violence, such as the riots in Halabjah. However, this seems nowhere near threatening the KDP and PUK hold on power. The populace remains wary of Baghdad and, if problems erupted with the central government, would immediately turn to the Kurdish parties for security. That said, the KIU is playing its cards cleverly: eschewing a militia, let alone violence, maintaining a rigorously clean image, providing services, running moderate-sounding, intelligent spokesmen, and speaking out for democracy. Their plan is to undercut the major parties over the long term. The Islamic parties are probably making some headway, but this will be a slow process so long as the PUK and KDP can continue to buy and bully support.

19. (C) Despite media reports to the contrary, Kirkuk is not Iraq's flash point. If Iraq came to civil war, it is unlikely to start here. That said, events in the KRG and Kirkuk over the next 12-18 months will pose challenges for Kurds and the U.S. that could well affect Iraq's unity and viability.  
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